



FmHA AN No. 2868 (1951)
September 22, 1993

SUBJECT: Internal Revenue Service Offset - Tax Year 1993
Second Screening Process

TO: State Directors
District Directors
County Supervisors

PURPOSE/INTENDED OUTCOME: The purpose of this AN is to provide field offices with an online list of delinquent borrowers who will receive a due process letter notifying them of potential IRS offset, and to provide information concerning removing these borrowers from offset.

COMPARISON WITH PREVIOUS AN: FmHA AN No. 2829, dated July 23, 1993, gave instructions for the first online screening list.

IMPLEMENTATION RESPONSIBILITIES: On September 29, 1993, the Finance Office (FO) will make available to all field offices the second screening list of borrowers who are potentially eligible for IRS offset. These borrowers will receive the due process letter notifying them of FmHA's intent to offset. A copy of the due process letter is attached for your information. The FO will send out the due process letter September 29, 1993. Also, the first screening list will not be available after this date.

Servicing County Offices shall:

1. Review Attachment 1 and 2 of FmHA AN No. 2829, dated July 23, 1993, for ineligibility criteria, deletion codes, and information on how to view and/or remove borrowers from IRS offset.
2. Review the online list to determine if any of the borrowers fall into a category listed in Attachment 1 of FmHA AN No. 2829.
3. If any borrower is ineligible for IRS offset due to the criteria in Attachment 1, input the appropriate deletion code in the DLT CDE field on the online screen and hit enter. This is the only field on the screen where the servicing counties can enter or change data. Once you have entered the delete code in this field and pressed the enter key, the delete code will disappear from the DLT CODE field and move to the DELETE CODE field. Also, a date will show up in the DELETE DATE field.

EXPIRATION DATE: December 31, 1993

FILING INSTRUCTIONS:
Preceding
FmHA Instruction 1951-C



4. Deletion codes can be changed up until the deadline of Tuesday, December 7, 1993. If a borrower was deleted by mistake, enter "00" in the DLT CDE field. This will allow the borrower to remain eligible for offset. If an incorrect deletion code was input, type the correct code in the DLT CDE field and hit enter.

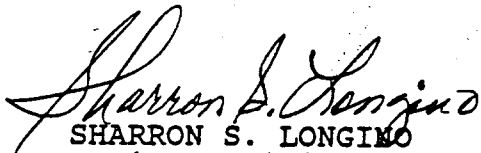
5. Input the necessary deletion codes NO LATER THAN Tuesday, December 7, 1993. For the borrowers who have a code of "00" in the DELETE CODE field after December 7th, their names will be forwarded to IRS for offset.

The State Offices shall:

1. Ensure that your field offices comply with the requirements and deadlines established in this AN. The FO will no longer be providing to State Offices a list of their counties that have not completed the IRS offset screening. Therefore, it is essential that the State Offices follow up with the County Offices to make sure that the screening has been completed by the deadline.

2. To verify that all the County Offices have reviewed the online screens and made changes, view each county's list to see if the DELETE CODE field has been changed from "00" for any borrower. If this field is "00" for all borrowers in that county, either they have no deletes or they have not processed the deletes yet. Contact these counties to verify that the screening has been done.

If you have any questions, please call Jeanne Hudec at the National Office at (202) 720-4356. Also, if you have any comments on this new online offset screening procedure, please contact Ms. Hudec.


SHARRON S. LONGINO
Acting Administrator

Attachment



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

Dear FmHA Borrower:

Our records indicate that you are more than 3 months delinquent on a debt to the Farmers Home Administration (FmHA). The Internal Revenue Service (IRS) collects many delinquent payments by deducting the amount of the debt from income tax refunds to which delinquent borrowers were entitled. FmHA plans to collect delinquent amounts through offset, and will refer information concerning your account to IRS. All amounts collected will be applied to your loan.

Any Federal agency that is owed a past-due, legally enforceable debt will notify the IRS of the amount of the debt. A Federal agency, before notifying the IRS, must notify the taxpayer that the Agency plans to refer the debt to IRS for offset, determine that the debt is past-due and legally enforceable after providing the taxpayer at least 60 days in which to present evidence to the contrary, and make reasonable efforts to collect the debt. This letter is to comply with these requirements.

If you are married, filing a joint income tax return, and you incurred this debt separately from your spouse who has no legal responsibility for the debt and who has income and withholding and/or estimated tax payments, he or she may be entitled to receive his or her portion of the joint refund. Such taxpayers filing joint returns should contact the IRS before filing their return regarding the steps to take to protect the share of the refund which may be payable to the non-obligated spouse.


If you feel you should not be reported for offset, you have 60 days from the date of receipt of this letter to provide written information to your local FmHA County Supervisor to show that offset should not be exercised. For example, you will not be reported if you have brought the account to less than 3 months delinquent, or if you have agreed to bring the account current and FmHA has officially agreed to that plan. Also, you will be exempted if the debt has been discharged in bankruptcy, you are under the jurisdiction of a bankruptcy court, or it is determined that FmHA is not legally entitled to collect the debt at this time. The County Supervisor will review the information you provide and notify you of the final decision regarding the offsetting of your IRS refund.

We strongly urge you to bring your account current.

If you are reported for IRS offset, your account will be reported to credit reporting agencies. You have the same 60 day period from receipt of this letter to file a written request with your local FmHA County Supervisor for a review of the status of your account and any information that is proposed to be reported to credit agencies. Once reporting begins it will be continued and updated monthly for 7 years. The amounts listed on the reverse reflect the status of your FmHA loan(s) based on payments received by FmHA's Finance Office.

ALL CONTACTS WITH FMHA ARE TO BE DIRECTED TO THE FMHA COUNTY OFFICE
SERVICING YOUR LOAN.

Sincerely,


SHARRON S. LONGINO
Acting Administrator



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250